



JON M. HUNTSMAN, JR.
Governor
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Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

MARY ANN WRIGHT
Acting Division Director

m/049/009

March 28, 2005

CERTIFIED MAIL: 7002 0510 0003 8603 3714

Zions Bank
Payson Branch
80 East 100 North
Payson, Utah 84651

Attention: Bonnie Wilcox, Rex Wilkerson, Jeremy White and Malissa Craig

Re: Certificates of Deposit #030-931018-3 for \$60,400 #030-930833-6 for \$175,000 and #030-930789-0 for \$175,000 held as Reclamation Surety for Chief Consolidated Mining Company

Dear Sirs and Madam:

On September 28, 2000, March 1, 2001 and on March 8, 2002, Zions Bank agreed to hold the certificate of deposits numbers: 030-931018-3, 030-930833-6, and 030-930789-0, for the benefit of the State of Utah, Division of Oil Gas and Mining subject to the terms of the agreement letter. The agreements provide that the "[T]he CD may be *only* be redeemed (i.e., called on demand) pursuant to written instruction or demand of the Director." The agreements further provides that the Owners agree and irrevocably instruct the bank that neither the Owner(s), nor any other person claiming ownership interest in the CD . . . shall have the authority to prevent the Bank from carrying out the Director's instructions to redeem the CD. Further, this agreement provides that "the bank shall release the CD only upon the written instruction of the Director of the Division to the Bank."

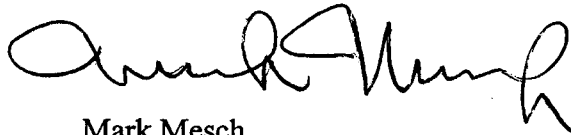
As you are aware, the Division has made telephone inquiry concerning the status of the Certificates held pursuant to this agreement. These inquiries have gone unanswered. Although it would appear to be within the purview of the agreement to make inquiry concerning the status of the accounts, if you require confirmation from the officers of Chief Consolidated Mining Co., you are advised to make those arrangements and to advise the Division.

Currently the Division is unaware of any reason that the Certificates should not be open to the inspection by the Division. If there is any reason that the assurances recited above and relied upon by the Division do not continue to be valid, and if there is any reason that you feel you cannot comply with this request, we ask that a written response be provided to the Division and Chief Consolidated within five (5) days.

If Zions Bank continues in its refusal to provide the Division with confirmation concerning the status of the accounts and the information requested, the Division will exercise its right to redeem the Certificates.

If you have any questions regarding the requirements of this notice, please contact me at (801) 538-5349. Thank you for your cooperation in helping us resolve this surety action.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Mesch', with a stylized flourish at the end.

Mark Mesch
Acting Associate Director
Division of Oil, Gas, and Mining

MRM:be:sa

cc: Mary Ann Wright, OGM
Steve Alder, AAG
Lynn Kunzler, OGM
Daron Haddock, OGM
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